

**MEETING: 8 JUNE 2017**

**MINUTES OF PREVIOUS MEETING**

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Minutes of the 436th meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday, 11 May 2017, at 10.15am

**PRESENT:** Ronnie Hinds (Acting Chair)  
 Alan Campbell  
 Sandy Cumming  
 Sheila Gunn  
 Tim McKay  
 Christine May  
 Stephen Moore  
 Graham Sharp  
 Pauline Weetman  
 Geraldine Wooley

**IN ATTENDANCE:** Paul Reilly, Secretary to the Commission  
 Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)  
 Gemma Diamond, Senior Manager, PABV [Items 15 and 16]  
 Brian Howarth, Assistant Director, Audit Services Group (ASG) [Items 15 and 16]  
 David Jamieson, Senior Manager, ASG [Items 15 and 16]  
 Tommy Yule, Senior Auditor, ASG [Items 15 and 16]

Item No    Subject

1. Apologies for absence
2. Acting Deputy Chair of the Commission
3. Declarations of interest
4. Decisions on taking business in private
5. Minutes of meeting of 13 April 2017
6. Minutes of meeting Financial Audit and Assurance Committee of 27 April 2017
7. Minutes of meeting of Performance Audit Committee of 27 April 2017
8. Minutes of Audit Scotland Board meeting of 22 February 2017
9. Audit Scotland Board Update
10. Update report by the Secretary to the Accounts Commission
11. Update report by the Controller of Audit
12. Draft Commission Annual Report
13. Draft Commission Strategy Update
14. Commission engagement strategy: report and update
15. Audit of Best Value: Inverclyde Council
16. Audit of Best Value: Inverclyde Council - action
17. Commission business matters

## Opening remarks

Ronnie Hinds advised that members had been informed of the death of Douglas Sinclair, and he had conveyed to Douglas' family the sympathies of all of those involved in the Commission.

### 1. Apologies for absence

It was noted that apologies for absence had been received from Sophie Flemig.

### 2. Acting Deputy Chair of the Commission

The Commission considered a report by the Secretary to the Commission advising of the outcome of the process that the Commission had agreed to appoint an Acting Deputy Chair.

The Commission, having noted that the process had been completed, agreed that Christine May be appointed as Acting Deputy Chair, subject to the endorsement of the Minister of Local Government and Housing.

### 3. Declarations of interest

The following declaration of interest was made:

- Christine May, in items 10, 13 and 15, as Chair of Fife Cultural Trust, in relation to references to arm's length external organisations.

### 4. Decisions on taking business in private

It was agreed that Item 16 be taken in private, as it would require the Commission to consider actions in relation to a report by the Controller of Audit. The Commission is then obliged by statute to inform the council in question of its decision, which the Commission does before making the decision public.

The Chair advised that there was no business for item 17 and thus would not require discussion.

### 5. Minutes of meeting of 13 April 2017

The minutes of the meeting of 13 April 2017 were approved as a correct record.

Arising therefrom, advice was noted from the Secretary that:

- In relation to item 6 (first bullet point), a response to the Committee was reported elsewhere on today's agenda.
- In relation to item 6 (second bullet point), a briefing on non-domestic rates would be reported to the Commission at its June meeting.
- In relation to paragraph 8, a response to the consultation was reported elsewhere on today's agenda.
- In relation to paragraph 12, the Commission's two equality outcomes reports were published on 27 April.

### 6. Minutes of meeting Financial Audit and Assurance Committee of 27 April 2017

The minutes of the meeting of the Financial Audit and Assurance Committee of 27 April 2017 were approved as a correct record.

7. Minutes of meeting of Performance Audit Committee of 27 April 2017

The minutes of the meeting of the Performance Audit Committee of 27 April 2017 were approved as a correct record, subject to noting, in relation to paragraph 2, advice from Sandy Cumming that he is Vice-Chair of Scotland's Rural College.

8. Minutes of Audit Scotland Board meeting of 22 February 2017

The minutes of the meeting of Audit Scotland Board of 22 February were noted.

The Commission:

- Commended Sobhan Afzal, Trainee Auditor, for achieving the highest results for the ICAS Advanced Finance Test of Professional Skills exam in December 2016.
- Noted advice from the Director of PABV that the Assistant Auditor General would be appearing at an evidence session hosted by the Public Audit and Post-Legislative Scrutiny Committee as part of its post-legislative scrutiny of the National Fraud Initiative. He also advised that four councils (Aberdeen City Council, Midlothian Council, Moray Council and South Lanarkshire Council) would also be taking part in the session.

9. Audit Scotland Board Update

The Chair provided a verbal update on recent Audit Scotland Board activity.

10. Update report by the Secretary to the Accounts Commission

The Commission considered a report by the Secretary to the Commission providing an update on significant recent activity relating to local government and issues of relevance or interest across the wider public sector.

During discussion, the Commission:

- In relation to paragraph 5, in response to a query from Alan Campbell, agreed that more information be provided on any studies of the effects of Scottish Ministers' Public Sector Pay Policy.

*Action: Director of PABV*

- In relation to paragraph 12:
  - agreed the recommendation of the Commission's committees that a response to the Scottish Parliament's Budget Process Review Group's consultation on its interim report be made jointly with the Auditor General and delegated to the Chair for sign-off.
  - noted the terms of the response as agreed by the Chair and submitted on the Commission's behalf.
- In relation to paragraph 15, agreed not to respond to the Scottish Government consultation on Safe and Effective Staffing in Health and Social Care.
- In relation to paragraph 31, in response to query from Tim McKay, that more information be provided on the Improvement Service's 'associates framework'.

*Action: Secretary*

Following discussion, the Commission agreed to note the report.

11. Update report by the Controller of Audit

The Controller of Audit provided a verbal update on his recent activity including meetings and discussions with stakeholders.

Following discussion, the Commission noted the update.

12. Draft Commission Annual Report

The Commission considered a report by the Secretary to the Commission proposing for publication the content of the Commission's annual report 2016/17 and accompanying annual action plan progress report.

Following discussion, the Commission agreed to approve the annual report 2016/17 and accompanying annual action plan progress report, subject to a number of drafting changes agreed during discussion.

*Action: Secretary*

13. Draft Commission Strategy Update

The Commission considered a report by the Secretary to the Commission proposing a revised Commission Strategy 2017-22 and accompanying annual action plan, arising from the Commission's considerations at its Strategy Seminar.

Following discussion, the Commission agreed:

- To approve the revised Commission Strategy 2017-22 and annual action plan, subject to a number of drafting changes agreed during discussion.
- The publication arrangements and next steps for promotion and implementation of the Strategy.

*Action: Secretary*

14. Commission engagement strategy: report and update

The Commission considered a report by the Secretary to the Commission proposing (a) a progress report against the Commission's Engagement Strategy; and (b) a revised Engagement Strategy for 2017/18.

Following discussion, the Commission agreed:

- To continue using the model of a rolling strategy accompanied by a more detailed action plan.
- To approve a revised Engagement Strategy and action plan 2017/18.
- The publication arrangements and next steps for promotion and implementation of the Strategy.

*Action: Secretary*

15. Audit of Best Value: Inverclyde Council

The Commission considered a report by the Secretary to the Commission seeking its consideration of the Controller of Audit's report of the Best Value audit of Inverclyde Council and seeking direction on how to proceed.

Following questions to the Controller of Audit, the Commission agreed to consider in private how to proceed.

16. Audit of Best Value: Inverclyde Council: action [in private]

The Commission discussed how to proceed in relation to the statutory report by the Controller of Audit on the audit of Best Value in Inverclyde Council.

Following discussion, the Commission agreed:

- To make findings, to be published on 1 June 2017.
- As part of those findings, to note the Commission's expectation that, in line with its new approach to auditing Best Value, the Controller of Audit is to monitor, through the annual audit, the Council's progress and response to the Commission's recommendations, and update the Commission accordingly.

*Action: Secretary*

17. Commission business matters

The Chair, having advised that there was no business for this item, closed the meeting.